



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: SEPTEMBER 14, 2021

TO: THE BOARD OF HARBOR COMMISSIONERS

SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR FISCAL YEAR ENDED JUNE 30, 2021

SUMMARY:

This report discusses key factors that impacted the unaudited Fiscal Year (“FY”) 2021 financial performance of the City of Los Angeles (“City”) Harbor Department (“Harbor Department” or “Department”). Furthermore, this report compares the Harbor Department’s FY 2021 financial performance to the results projected within its adjusted Adopted FY 2021 Budget as well as the prior fiscal year. It should be noted that FY 2021 figures are not final and are subject to change pending the year-end audit process.

Cargo volumes (as measured by TEUs or twenty-foot equivalent units) of 10.879 million TEUs for the fiscal year (FY) ending June 30, 2021 represented an all-time annual high for any Western Hemisphere port. These record cargo volumes represented a 37.1% increase relative to budget and a 27.1% increase relative to the prior FY. In summary, performance results for the Harbor Department are as follows:

FY Ended June 2021*	Actuals - UNAUDITED (in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	10.879	↑ 37.1%	↑ 27.1%
Operating Revenues	\$586.5	↑ 27.5%	↑ 25.4%
Operating Expenses	\$277.9	↓ (2.5%)	↑ 1.6%
Operating Income	\$308.6	↑ 76.2%	↑ 58.9%
Net Income	\$149.2	↑ (1,341.4%)	↑ 171.7%

* FY 2021 financial information is UNAUDITED and subject to change.

The significant increase in cargo volumes was primarily due to the huge, unexpected surge in cargo imports resulting from the stay-at-home orders and medical equipment shipments. On a year-over-year basis, the 27.1% increase in cargo volumes was driven by a 45.3% increase in empty container volumes and a 29.7% increase in loaded imports which were only partially offset by a 9.3% decline in loaded exports.

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Total Operating Revenues increased by 25.4% versus FY 2020 as higher shipping services, higher rentals and higher utility reimbursements were only partially offset by lower parking fees, lower one-time reimbursements, and lower clean truck program revenues. Total Operating Expenses decreased by 1.6% relative to the prior fiscal year as higher litigation, higher electricity, and higher salaries and benefits were only partially offset by lower spending related to outside services, city services, and materials and supplies, as well as, lower container incentives, lower workers' compensation, lower promotional/sponsorship activities, and lower environmental incentives. The increase in Operating Revenues and the decrease in Operating Expenses resulted in a 59.0% increase in Operating Income (before depreciation) relative to prior year.

DISCUSSION:

As of June 30, 2021, the Harbor Department met or exceeded the following key performance metrics indicative of healthy operations:

TABLE 1: KEY FINANCIAL METRICS

Performance Metric	Minimum	As of 6/30/21
Debt Rating	AA	✓ AA
Debt Service Coverage	2.0x	✓ 4.2x
Operating Margin	45%	✓ 53%

As noted within Table 1 above, as of June 30, 2021, the Harbor Department has continued to maintain its AA debt rating. Additionally, the Department's 4.2x debt service coverage ratio exceeded the 2.0x minimum required under the Port's Financial Policies as well as the 1.25x minimum coverage required under the Port's Bond Indenture. Furthermore, the Harbor Department's 53% operating margin (calculated as operating income before depreciation divided by total Operating Revenues) exceeded a separately established key financial metric to maintain a minimum operating margin of 45%.

CARGO VOLUMES:

FY 2021 cargo volumes of 10,879,383 TEUs represented a 27.1% increase relative to FY 2020 levels and a 37.1% increase relative to budget. Total loaded containers of 7,157,751 represented a 19.3% increase relative to the prior year. This increase was primarily driven by a 29.7% increase in loaded imports, which was partially offset by a 9.3% decrease in loaded exports. Empty containers totaling 3,721,631 represented a year-over-year increase of 45.3%. Transmittal 1 provides a detailed monthly breakout of FY 2021 TEUs relative to both budget and the prior fiscal year.

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OPERATING REVENUES:

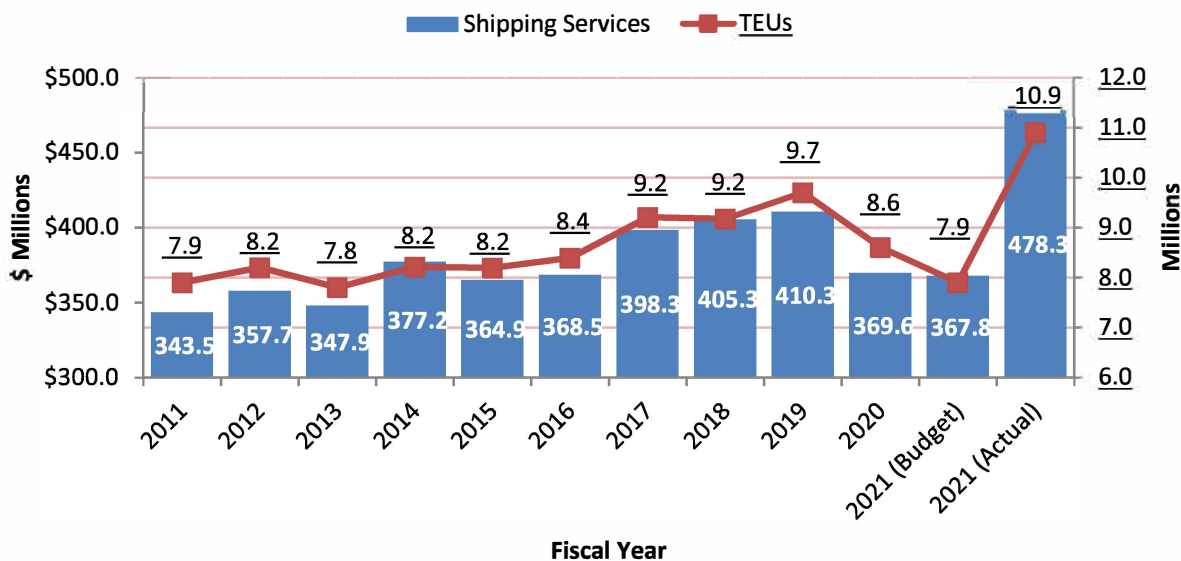
TABLE 2: FY 2021 OPERATING REVENUES

FY 2021 – Ended June 30 UNAUDITED (\$ in thousands)	FY 2021 Actual	FY 2021 Budget	FY 2020 Prior Year	% Variance vs. Budget	% Variance vs. Prior Year
Shipping Services	478,290	367,781	369,564	↑ 30.0%	↑ 29.4%
Rentals	80,479	71,966	73,104	↑ 11.8%	↑ 10.1%
Royalties, Fees and Other Revenues	25,399	18,268	21,811	↑ 39.0%	↑ 16.4%
Clean Truck Program Revenues	2,285	2,075	3,187	↑ 10.1%	↓ (28.3%)
Total Operating Revenues	586,454	460,090	467,666	↑ 27.5%	↑ 25.4%

Higher Wharfage drives increase in Operating Revenues – Record FY 2021 cargo volumes produced higher wharfage and led to an increase in total Operating Revenues relative to both budget and the prior fiscal year. Relative to budget, operating revenues increased by 27.5% compared to budget due to higher Shipping Services, higher rental revenues, and higher utility reimbursements. Relative to the prior fiscal year, total Operating Revenues increased by 25.4% as higher Shipping Services, higher rental revenues and higher utility reimbursements were only partially offset by lower parking fees, lower one-time reimbursements, and lower clean truck program revenues.

As noted within Table 3 below, TEU volumes have historically been and continue to be the key driver of Shipping Services revenues at the Port.

TABLE 3: SHIPPING SERVICES AND TEU TRENDS: FY 2011 – FY 2021



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Further details regarding variances within other revenue accounts are provided below:

- **Rentals**

- Actuals vs. Budget: Rentals increased by \$8.5 million relative to budget primarily driven by higher receipts, detailed as follows:
 - \$2.4 million due to Yusen's space assignment conversion;
 - \$1.0 million due to miscellaneous Consumer Price Index (CPI) increases;
 - \$0.8 million due to higher ICTF volumes;
 - \$0.8 million due to the Phillips 66 rental adjustment;
 - \$0.7 million due to higher San Pedro Fish Market rent;
 - \$0.6 million due to Innovative Terminal Services' new permit;
 - \$0.5 million due to a new revocable permit for So Cal Ship Services;
 - \$0.5 million due to higher Crusty Crab rent;
 - \$0.4 million due to higher SA Recycling rent;
 - \$0.4 million due to Fisherman's Pride Processors Inc. premises expansion; and
 - \$0.4 million due to higher 22nd Street Landing Partners, LLC rent.
- Actuals vs. Prior Year: Rentals increased by \$7.4 million relative to the prior fiscal year driven by \$10.0 million in higher receipts, detailed as follows:
 - \$2.5 million due to higher ICTF volumes;
 - \$2.4 million due to Yusen's space assignment conversion;
 - \$1.5 million due to the first full year of rent receipts as well as a CPI increase under Toll Global's revocable permit;
 - \$1.0 million due to higher misc. rental revenues;
 - \$0.8 million due to the Phillip 66's rental adjustment;
 - \$0.6 million due to higher gross receipts from Westrec Marina;
 - \$0.4 million due to Innovative Terminal Services new permit;
 - \$0.4 million due to higher warehouse rentals; and
 - \$0.4 million due to a new revocable permit for So Cal Ship Services.
- These increases were partially offset by \$2.6 million in lower receipts, detailed as follows:
 - \$2.0 million due to a non-recurring, one-time Cal-Cartage receipt recorded in the prior year; and
 - \$0.6 million due to a non-recurring, one-time Ultramar receipt recorded in the prior year.

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- **Royalties, Fees and Other Revenues**

- Actuals vs. Budget: Royalties, fees and other revenues increased by \$7.1 million, broken out as follows:
 - \$9.0 million in favorable variances comprised of: \$6.3 million in higher utility reimbursements, \$1.9 million in higher Harbor Maintenance Tax receipts, \$0.4 million in lower credits for tenant services, \$0.3 million in higher permits & fees, and \$0.1 million in higher miscellaneous other revenues; and
 - \$1.9 million in an unfavorable variance related to lower parking fees.
- Actuals vs. Prior Year: Royalties, fees and other revenues increased by \$3.6 million, broken out as follows:
 - \$6.9 million in favorable variances comprised of: \$6.6 million in higher utility reimbursements, \$0.2 million in higher permits & fees, and \$0.1 million in higher miscellaneous other revenues; and
 - \$3.3 million in unfavorable variances comprised of: \$1.8 million in lower parking fees, \$1.0 million in lower operating reimbursements, and \$0.5 million in higher credits for tenant services.

- **Clean Truck Program (“CTP”) Revenues**

- Actuals vs. Budget: CTP revenues increased by \$210,313 relative to budget as \$416,138 in higher annual truck fees were only partially offset by \$199,000 in lower concession application fees and \$6,825 in lower day pass fees.
- Actuals vs. Prior Year: CTP revenues decreased by \$901,210 due to \$817,785 in lower annual truck fees, \$71,500 in lower concession application fees and \$11,925 in lower day pass fees.

OPERATING EXPENSES:

TABLE 4: FY 2021 OPERATING EXPENSES


FY 2021 – Ended June 30 UNAUDITED* (\$ in thousands)	FY 2021 Actual*	FY 2021 Budget	FY 2020 Prior Year	% Variance vs. Budget	% Variance vs. Prior Year
Net Salaries & Benefits	148,860	157,783	145,826	↓ (5.7%)	↑ 2.1%
Marketing & Public Relations	1,372	2,442	2,388	↓ (43.8%)	↓ (42.5%)
Travel	71	301	508	↓ (76.5%)	↓ (86.1%)
Outside Services	25,662	35,259	31,815	↓ (27.2%)	↓ (19.3%)
Materials & Supplies	4,517	6,397	5,672	↓ (29.4%)	↓ (20.4%)
City Services	45,876	56,960	48,366	↓ (19.5%)	↓ (5.1%)
Allocations to Capital - Overhead	-	(18,296)	-	n/a	n/a
Other Operating Expenses	50,835	43,182	37,981	↑ 17.7%	↑ 33.8%
Clean Truck Program Expenses	752	983	1,014	↓ (23.5%)	↓ (25.8%)
Total Operating Expenses	277,944	285,010	273,571	↓ (2.5%)	↑ 1.6%

* FY 2021 Actual Operating Expenses are UNAUDITED and subject to change. Changes which could affect FY 2021 Actual Operating Expenses include, but are not limited to: final adjustments related to GASB 68 pension expenses, GASB 75 Other Postemployment Benefits, pollution remediation, provisions for bad debt, litigation, and workers' compensation expenses as well as fair market value adjustment related to the Harbor Department's investment pool.

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OPERATING EXPENSES (vs. Budget):

Lower Spending on City Services and Outside Services Drove Total Operating Expenses below Budget – Total Operating Expenses of \$277.9 million fell 2.5% or \$7.1 million below budget. Details for each major Operating Expense category and a comparison relative to their respective budgets are as follows:


- **Net Salaries & Benefits: \$148.9 million**  **by \$8.9 million or 5.7%.**
Net Salaries & Benefits expenses declined relative to budget as \$12.5 million of greater expense allocations to capital were only partially offset by \$3.6 million in higher gross salaries, benefits and overtime, prior to capital allocations.


Of the \$12.5 million in higher expense allocations to capital, \$10.5 million were related to indirect overhead allocations which were broadly applied across the Harbor Department's capital program, and \$2.0 million were related to direct allocations of salaries, benefits and overtime expenses to specific capital projects. It is important to note that the indirect allocations to overhead serve to reduce Net Salaries & Benefits expenses; however, they are budgeted within a separate operating expense account outside of Net Salaries & Benefits expenses.


Salaries, benefits and overtime expenses, prior to capital allocations increased by \$3.6 million relative to budget. This increase was primarily driven by higher salaries and benefits expenses per employee relative to budget.

- **Marketing and Public Relations: \$1.4 million**  **by \$1.1 million or 43.8%.**
Spending fell below budget due to \$0.9 million in lower promotional, advertising and sponsorship spending. In addition, \$0.2 million of overhead costs were capitalized over the course of FY 2021.
- **Travel: \$0.1 million**  **by \$0.2 million or 76.5%.**
Lower spending relative to budget was the result of fewer trips than expected for both business development and training and employee development purposes due to COVID-19 travel restrictions.
- **Outside Services: \$25.7 million**  **by \$9.6 million or 27.2%.**
Primary drivers of the lower spending in Outside Services were as follows:
 - **Maintenance Services** (lower by \$3.8 million) due to Pandemic-related maintenance dredging project delays;
 - **Construction & Maintenance** (lower by \$1.7 million) due to Pandemic-related project delays which occurred as services and maintenance related to the safety and health of employees, tenants, and the public were prioritized over higher cost deferred maintenance remediation efforts;

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- **Overhead Capitalization** (higher by \$1.4 million) as overhead capitalization was not budgeted for outside services;
 - **Miscellaneous** (lower by \$1.1 million) due to lower consultant spending throughout the Department;
 - **Information Technology** (lower by \$0.7 million) due to delays in planned development activities related to the Port Optimizer;
 - **Environmental Assessments and Consulting Services** (lower by \$0.5 million) due to project delays, fewer requests for emergency and hazardous waste management, as well as lower usage of consulting services; and
 - **Legal Services** (lower by \$0.4 million) due to the slower pace of litigation as courts were closed early in the fiscal year and slowly began to reopen towards the latter half of the year.
- **Materials and Supplies: \$4.5 million**  **by \$1.9 million or 29.4%.**


The lower than budget result in this category is primarily driven by materials and supplies spending within the Development Bureau (which accounted for more than 72% of all materials and supplies spending throughout the Department) that was \$1.0 million lower than budgeted. Materials and supplies spending was further driven lower by \$0.3 million in higher capitalization of materials and supplies expenses than budgeted. Lastly, spending on Port Police, Waterfront Commercial Real Estate, and Environmental Management supplies and general materials was \$0.5 million below budget.
 - **City Services: \$45.9 million**  **by \$11.1 million or 19.5%.**

Lower expenses were primarily driven by \$4.1 million in higher capitalization of overhead allocations. In addition, the following services were utilized less than budgeted: Fire (\$3.1 million lower), Recreation and Parks (\$2.3 million lower), City Attorney (\$1.2 million lower); Controller (\$0.3 million lower); and Personnel (\$0.2 million lower). Lower usage in the above services were partially offset by \$0.1 million in higher miscellaneous city services usage.
 - **Other Operating Expenses: \$50.8 million**  **by \$7.7 million or 17.6%.**

The increase in Other Operating Expenses occurred as \$14.1 million in higher provisions for anticipated future litigation spending was only partially offset by \$6.4 million in favorable variances.


 - Favorable variances of \$6.4 million are detailed as follows
 - **Capitalization** (higher by \$2.5 million) as overhead capitalization was not budgeted for other operating expenses;
 - **Workers' Compensation** (lower by \$1.4 million) due to lower than expected worker's compensation provisions;
 - **Container Incentives** (lower by \$1.1 million) due to lower container incentive payouts than anticipated;
 - **Electricity** (lower by \$0.6 million) due to lower spending on non-AMP™ and AMP™-related electricity expenses;

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- **Insurance** (lower by \$0.2 million) primarily due to lower spending on insurance than expected;
 - **Equipment Rentals** (lower by \$0.2 million) primarily due to lower spending on equipment rentals than expected;
 - **Taxes and Assessments** (lower by \$0.2 million) due to lower spending on tax and assessment fees; and
 - **Miscellaneous** (lower by \$0.2 million) due to lower spending throughout the Department.
- **Clean Truck Program: \$0.8 million  by \$0.2 million or 23.5%**
Included in Other Operating Expenses but reported separately are Clean Truck program expenses. For Fiscal Year 2021, spending on administrative expenses was \$0.2 million lower than budgeted due to fewer special studies being conducted over the course of the year.


OPERATING EXPENSES (vs. Prior Year):

Higher Provisions for Litigation Expenses Drive Increase in Total Operating Expenses versus Prior Year – Total Operating Expenses of \$277.9 million increased 1.6% or \$4.4 million relative to the prior fiscal year. Details for each major Operating Expense category and a comparison relative to their respective prior fiscal year figures are as follows:


- **Net Salaries & Benefits: \$148.9 million  by \$3.0 million or 2.1%.**
Net Salaries & Benefits expenses slightly increased relative to the prior fiscal year as \$4.9 million of increases in gross salaries, benefits and overtime, prior to capitalization were only partially offset by \$1.9 million of greater expense allocations to capital.


Salaries and benefits increased by \$4.9 million relative to the prior year. \$2.9 million of this increase was driven by greater staffing as headcounts increased from 902 in FY 2020, on average, to 918 in FY 2021. Additionally, higher salary and benefits per employee contributed an additional \$2.5 million to this increase which was only partially offset by \$0.5 million in lower overtime expenses.


Of the \$1.9 million in higher expense allocations to capital, \$1.3 million were related to indirect overhead allocations while the remaining \$0.6 million were related to direct allocations of salaries, benefits and overtime expenses to specific capital projects.

- **Marketing and Public Relations: \$1.4 million  by \$1.0 million or 42.5%.**
Marketing and Public Relations spending decreased relative to the prior year due to \$0.5 million in lower promotional expenses, \$0.4 million in lower advertising and \$0.1 million in lower sponsorships.




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- **Travel: \$0.1 million**  **by \$0.4 million or 86.1%.**
Travel expenses decreased by \$437,442 relative to the prior fiscal year due to Pandemic-related travel restrictions.

- **Outside Services: \$25.7 million**  **by \$6.2 million or 19.3%.**
Outside Services expenditures decreased by \$6.2 million relative to the prior fiscal year as \$6.5 million of decreases were only partially offset by \$0.3 million in lower overhead allocations.
 - Outside Services decreases of \$6.5 million were comprised of:
 - **Construction & Maintenance** (lower by \$4.0 million) due to Pandemic-related project delays which occurred as services and maintenance related to the safety and health of employees, tenants, and the public were prioritized over higher cost deferred maintenance remediation efforts;
 - **Maintenance Improvements** (lower by \$1.0 million) due to Pandemic-related maintenance dredging project delays;
 - **Information Technology** (lower by \$0.9 million) due to delays in planned development activities related to the Port Optimizer;
 - **Environmental Management** (lower by \$0.5 million) due to more in-house environmental assessments; and
 - **Miscellaneous** (lower by \$0.1 million) primarily due to lower spending across various divisions.

- **Materials and Supplies: \$4.5 million**  **by \$1.2 million or 20.4%.**
Primary drivers of the lower materials and supplies purchases were as follows:
 - **Construction & Maintenance** (lower by \$0.5 million) due to reduced staffing related to the Pandemic's health and safety measures being taken to protect Harbor Department employees. This has reduced the needed levels of materials and supplies;
 - **Maintenance Services** (lower by \$0.3 million) due to less spending on maintenance dredging;
 - **Miscellaneous** (lower by \$0.2 million) due to lower materials and supplies spending throughout the Department;
 - **Engineering** (lower by \$0.1 million) due to lower supplies and CADD plotters being bought since employee's are telecommuting; and
 - **Waterfront/Commercial Real Estate** (lower by \$0.1 million) due to lower repair and replacement of parts and materials as the gym and cruise terminal activities were practically nonexistent, and employees continued telecommuting.

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- **City Services: \$45.9 million**  **by \$2.5 million or 5.1 %.**
City services expenses decreased primarily due to \$1.8 million related to lower utilization of fire services, \$0.7 million in lower outside counsel, and \$0.5 million in lower recreation and park services, which were partially offset by \$0.5 million in higher personnel services.
- **Other Operating Expenses: \$50.8 million**  **by \$12.8 million or 33.7%.**
Other Operating Expenses increased relative to the prior year as \$19.4 million in increases were partially offset by decreases totaling \$6.5 million across various categories.
 - Other Operating Expense increases of \$19.3 million were comprised of:
 - **Litigation** (higher by \$13.4 million) due to higher anticipated future spending related to litigation with the Natural Resources Defense Council;
 - **Utilities** (higher by \$4.9 million) due to \$4.7 million in higher electricity spending and \$0.2 million in higher water and gas expenses;
 - **Indirect Capitalization** (higher by \$0.4 million) due to higher overhead allocations;
 - **Bad Debt** (higher by \$0.2 million) due to higher provisions related to bad debt expense;
 - **Memberships/Books** (higher by \$0.2 million) due to higher employee memberships and books relative to the prior year; and
 - **Pollution Remediation** (higher by \$0.2 million) due to this year's estimated provision for future spending to remediate pollution at various sites throughout the port.
 - Other Operating Expense declines of \$6.5 million were comprised of:
 - **Container Incentives** (lower by \$2.8 million) due to lower container incentive payouts;
 - **Workers' Compensation** (lower by \$1.8 million) due to lower provisioning for future workers' compensation expenses;
 - **Environmental Incentives** (lower by \$0.9 million) due to lower environmental incentive payouts;
 - **Taxes & Assessments** (lower by \$0.5 million) primarily due to lower use taxes; and
 - **Cruise Incentives** (lower by \$0.5 million) due to lower cruise incentive payouts arising from fewer sailings.
- **Clean Truck Program: \$0.8 million**  **by \$0.3 million or 25.8%.**
Included in Other Operating Expenses but reported separately are Clean Truck program expenses. Year-over-year spending declined due to \$0.3 million in lower administrative expenses.

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OTHER ITEMS:

TABLE 5: FY 2021 OPERATING INCOME AND NET INCOME

FY 2021 – Ended June 30 UNAUDITED (\$ in thousands)	FY 2021 Actual	FY 2021 Budget	FY 2020 Prior Year	% Variance vs. Budget	% Variance vs. Prior Year
Operating Income	308,509	175,081	194,096	↑ 76.2%	↑ 58.9%
Less: Depreciation	(153,304)	(167,542)	(158,613)	↓ (8.5%)	↓ (3.3%)
Plus: Non-Operating Revenues	20,513	76,880	56,681	↓ (73.3%)	↓ (63.8%)
Less: Non-Operating Expenses	(26,609)	(96,434)	(37,258)	↓ (72.4%)	↓ (28.6%)
Net Income	149,109	(12,015)	54,905	↑ 1,341.0%	↑ 171.6%

Depreciation, Non-Operating Revenues and Non-Operating Expenses:

- Depreciation: \$153.3 million
 - Depreciation fell below budget by \$14.2 million due to project delays, and declined by \$5.3 million relative to the prior year due to lower depreciation after several assets reached the end of their useful life in the prior year.
- Non-Operating Revenues: \$20.5 million
 - *Actuals vs. Budget*: Non-Operating Revenues underperformed relative to budget by \$56.4 million due to unfavorable variances with respect to delayed state pass-through revenue (lower by \$54.5 million) and lower interest income (lower by \$2.1 million). These unfavorable variances were partially offset by \$0.1 million in higher JPA income and \$0.1 million in higher Port Security grants.
 - *Actuals vs. Prior Year*: Non-Operating Revenues decreased by \$36.2 million relative to prior year levels due to unfavorable variances with respect to: lower interest income (lower by \$25.2 million), lower pass-through revenues (lower by \$7.0 million), lower delinquency penalties (lower by \$2.5 million), lower settlements (lower by \$1.0 million), lower gain on land sales (lower by \$0.6 million) and lower Joint Power Authority revenues (lower by \$0.2 million). This unfavorable variance was partially offset by higher Port Security grants (higher by \$0.3 million).
- Non-Operating Expenses: \$26.6 million
 - *Actuals vs. Budget*: Non-Operating Expenses decreased by \$69.8 million relative to budget due to favorable variances with respect to: pass-through grant disbursements (lower by \$54.3 million), interest expense (lower by \$11.9 million), capital projects closed to expenses (lower by \$3.3 million), and lower miscellaneous non-operating expenses (lower by \$0.3 million).
 - *Actuals vs. Prior Year*: Non-Operating Expenses decreased by \$10.6 million relative to prior year due to favorable variances with respect to: pass-through grant disbursements (lower by \$7.2 million), interest expense (lower by \$2.9 million), and bond administration costs (lower by \$0.7 million). These favorable variances were partially offset by unfavorable variances with respect to capital projects closed to expense (higher by \$0.1 million) and miscellaneous non-operating expenses (higher by \$0.1 million).

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CAPITAL IMPROVEMENT PROGRAM (CIP):

Budget Performance – Unaudited spending in FY 2021 was \$114.3 million or 70% of the Adopted Capital Improvement Program Budget of \$163.6 million. CIP spending fell \$49.3 million below budget primarily due to lower than budgeted spending in FY 2021 on:

- Terminal Projects (lower by \$15.2 million) due to:
 - MOTEMS project delays (\$7.7 million);
 - Pier 400 storage tracks project delays (\$3.9 million); and
 - Other project delays (\$3.6 million).
- Maritime Services Projects (lower by \$9.5 million) due to:
 - Delayed spending on HAB projects related to HVAC replacement and workspace remodeling (\$2.7 million);
 - Lower misc. spending on deferred maintenance (\$2.1 million);
 - Misc. project spending delays on sidewalk repairs, B. 182 slope erosion repairs and terminal island street light fixture upgrades (\$1.8 million);
 - C&M facility improvement project delays (\$0.9 million);
 - Klein billing and pilot system enhancement delays (\$0.9 million);
 - Banning's Landing water damage repairs and Port Police HVAC replacement project delays (\$0.6 million); and
 - Liberty Hill parking lot access control system lower spending (\$0.3 million).
- Unused Unallocated Capital Improvement Plan fund (lower by \$9.2 million).
- Public Access project delays (lower by \$8.3 million) due to:
 - San Pedro Waterfront projects (lower by \$6.3 million) including
 - Promenade & Town Square (\$2.5 million),
 - Electrical utility improvements (\$1.7 million),
 - Harbor Blvd. roadway improvements (\$1.0 million),
 - Water features improvements (\$0.7 million), and
 - AltaSea environmental assessment (\$0.3 million).
 - Misc. electrical infrastructure enhancements (lower by \$1.2 million); and
 - Wilmington Waterfront projects (\$0.8 million).
- Security project delays related to radio system projects and the Port Cyber Resilience Center (lower by \$4.6 million); and
- Transportation project delays (lower by \$2.5 million).

Major construction completed projects include (FY 2021 CIP spending in parenthesis):

- **San Pedro Waterfront - Harbor Boulevard From Miner Street to SP Slip Roadway Improvements (\$6.3 million)** included design and construction of a reconfigured Harbor Blvd. to improve public access throughout the waterfront area to better connect the waterfront with downtown San Pedro and the surrounding community.
- **Pilot Boats Replacement (\$1.9 million)** included replacement of two existing pilot boats, constructed in 1995, that were rapidly deteriorating due to age and constant operational use.

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- **Swinford Street, Front Street and Regan Street – Resurfacing (\$0.8 million)** included design and resurfacing of streets, new sidewalks, striping and traffic controls, removal of inactive railroad crossings and signage.
- **Berth 54-55 – Building Cover Replacement (\$0.8 million)** included the purchase and replacement of existing Rubb membrane cover on building, new gutter system and hardware.
- **B 161 - Electrical Improvements Project - Phase 3 (\$0.8 million)** included the design, retrofit and construction of a power distribution that incorporates modern switchboard, panels, transformers and other associated components to supply power to the various shops.
- **Harbor Administration Building - 5th Floor Workspace Solutions (\$0.4 million)** included design, disassembly of old furniture and equipment, installation of new furniture and equipment, power and lighting upgrades, patching and painting walls, relocations of fire sprinklers, relocation of HVAC ducts and registers, carpet cleaning and replacement of damaged areas.
B. 161 - Equipment Operations Building Renovation (\$0.2 million) included lead and asbestos abatement; demolition of two wood structure warehouses; installation of electrical, gas, water, sewer and data utilities; grade, pave, and stripe parking site; remodel interior offices and restrooms; paint; installation of fence and motorized gates; soil remediation; asphaltting; and replacing the existing HVAC unit.

Major in-process projects include the following efforts which continued over the course of FY 2021:

- **B. 228-230 (Everport) Terminal Redevelopment (\$40.3 million)** for continued construction effort to develop terminal improvements including backland, wharf, terminal infrastructure, AMP Upgrade and Retrofit, and Advanced Cargo Handling Demonstration.
- **San Pedro Waterfront Redevelopment (\$35.9 million)** for the continuation of development efforts along the San Pedro Waterfront, including but not limited to: Ports O' Call Promenade and Town Square design, roadway improvements on Harbor Boulevard from Miner Street to SP Slip, Town Square Public Restrooms, and new floats, gangways, piles and utilities at Berth 80-83.
- **Wilmington Waterfront Redevelopment (\$8.7 million)** for the continuation of development efforts along the Wilmington Waterfront, including but not limited to: The Wilmington Waterfront Promenade and the Avalon Pedestrian Bridge.
- **State Route 47/Vincent Thomas Bridge and Front Street/Harbor Boulevard Interchange Reconfiguration (\$1.8 million)** for continued design efforts to modify the existing on and off ramps of the existing SR 47/Vincent Thomas Bridge and Front street/Harbor Boulevard Interchange to improve safety, access and efficient operation.
- **Port Police – Integrated Computer Aided Dispatch and Records Management System (CAD/RSM) (\$1.4 million)** for continued efforts to procure and install a new CAD/RMS system to enhance public and officer safety, and support crime analysis.

SUBJECT: FINANCIAL PERFORMANCE RESULTS

- **Pier 400 Corridor Storage Tracks Expansion (\$0.9 million)** for continued efforts to construct an extension to the existing rail bridge, five new railroad storage tracks, an asphalt access roadway, new crossovers and switches, as well as, to make modifications to the existing compressed air system of the Pier 400 Rail Storage Yard and Bridge.
- **B. 300-305 – On Dock Railyard Expansion (\$0.5 million)** for continued efforts to design five new tracks, reuse of three existing tracks, grading, paving, drainage, electrical improvements, striping and signage.
- **B. 238 - 239 - Marine Oil Terminal Engineering Maintenance Standards – PBF Energy (\$0.5 million)** for continued efforts to design and construct a new marine oil terminal at Berths 238 – 239 that complies with the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) regulations.
- **B. 46 - Outer Harbor Cruise Terminal – AMP (\$0.4 million)** for continued efforts to design and install a new 11 KV Alternative Maritime Power (AMP) system for Cruise Ships at Berth 46.
- **Harbor Administration Building - HVAC Replacement (\$0.4 million)** for continued efforts to design and replace the Heating, Ventilation, and Air Conditioning (HVAC) system at the Harbor Administration Building (HAB).

Marla Bleavins

MARLA BLEAVINS
Executive Director, Finance & Administration
and Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FY Ended June 30, 2021
2. Actual-to-Budget FY 2021 – June
3. Year-to-Year Performance Report YTD June 30, 2021 and 2020

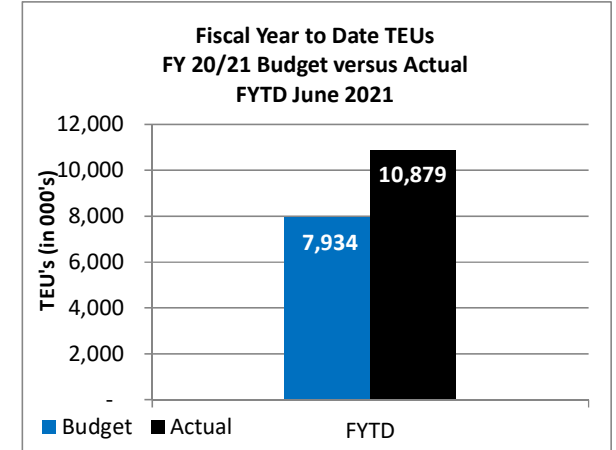
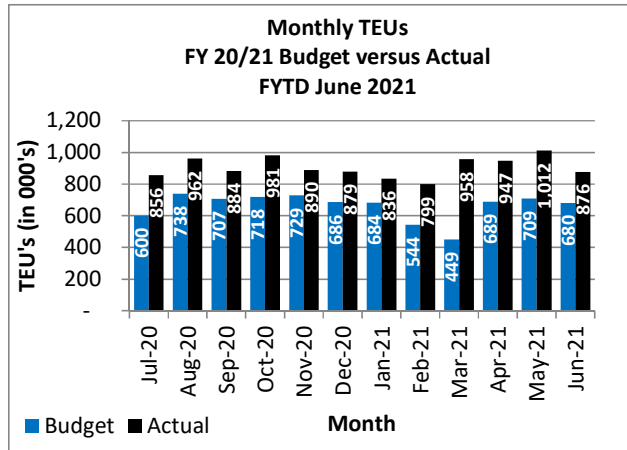
Author: E. Estrada
MB:JS:MM/Finance
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD JUNE 2021

TRANSMITTAL 1

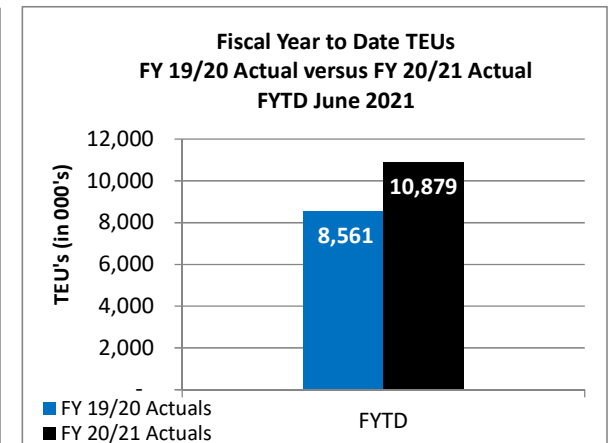
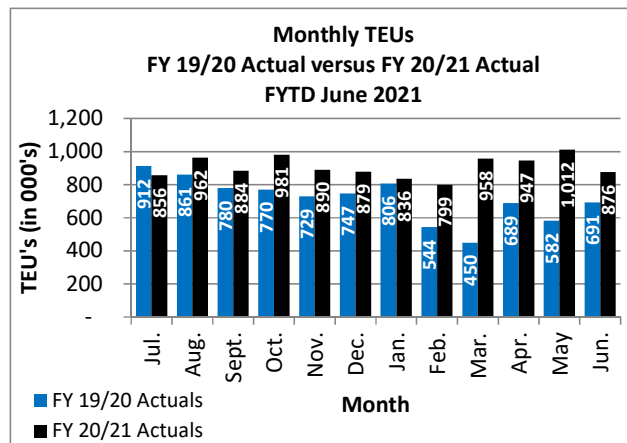
Budget versus Actuals Comparison
FY 20/21 Budget vs. FY 20/21 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 20/21 Budget	FY 20/21 Actuals		
Jul-20	600	856	42.7%	↑
Aug-20	738	962	30.4%	↑
Sep-20	707	884	24.9%	↑
Oct-20	718	981	36.5%	↑
Nov-20	729	890	22.1%	↑
Dec-20	686	879	28.2%	↑
Jan-21	684	836	22.2%	↑
Feb-21	544	799	46.9%	↑
Mar-21	449	958	113.0%	↑
Apr-21	689	947	37.4%	↑
May-21	709	1,012	42.7%	↑
Jun-21	680	876	28.9%	↑
FYTD	7,934	10,879	37.1%	↑
FY 20/21 Budget	7,934			



Year-to-Year Actuals Comparison
FY 19/20 Actuals vs. FY 20/21 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 19/20 Actuals	FY 20/21 Actuals		
Jul.	912	856	-6.1%	↓
Aug.	861	962	11.7%	↑
Sept.	780	884	13.3%	↑
Oct.	770	981	27.3%	↑
Nov.	729	890	22.1%	↑
Dec.	747	879	17.7%	↑
Jan.	806	836	3.6%	↑
Feb.	544	799	46.9%	↑
Mar.	450	958	113.0%	↑
Apr.	689	947	37.4%	↑
May	582	1,012	74.0%	↑
Jun.	691	876	26.7%	↑
FYTD	8,561	10,879	27.1%	↑
FY 19/20 Actuals	8,561			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2020/21	FY 2020/21	Comparison	
	Fiscal YTD - June 2021	Fiscal YTD - June 2021	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	478,290	367,781	110,509	30.0%
Rentals	80,479	71,966	8,514	11.8%
Royalties, Fees and Other Revenues	25,399	18,268	7,130	39.0%
Clean Truck Program Revenues	2,285	2,075	210	10.1%
Total Operating Revenues	586,454	460,090	126,363	27.5%
Operating Expenses				
Gross Salaries & Benefits	174,894	171,318	(3,577)	(2.1%)
Capitalization	(26,035)	(13,535)	12,500	(92.4%)
Net Salaries & Benefits	148,860	157,783	8,923	5.7%
Marketing & Public Relations	1,372	2,442	1,070	43.8%
Travel	71	301	230	76.5%
Outside Services	25,662	35,259	9,597	27.2%
Materials & Supplies	4,517	6,397	1,880	29.4%
City Services	45,876	56,960	11,084	19.5%
Allocations to Capital - Overhead		(18,296)	(18,296)	100.0%
Other Operating Expenses	50,792	43,182	(7,610)	(17.6%)
Clean Truck Program Expenses	752	983	231	23.5%
Total Operating Expenses	277,901	285,010	7,109	2.5%
Income Before Depreciation	308,553	175,081	133,472	76.2%
Provision For Depreciation	153,304	167,542	14,238	8.5%
Income From Operations	155,249	7,539	147,710	1959.3%
Non-Operating Revenue	20,513	76,880	(56,368)	(73.3%)
Non-Operating Expenses	26,609	96,434	69,826	72.4%
Net Income	149,153	(12,015)	161,168	(1341.4%)

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2020/21	FY 2019/20	Change	
	Fiscal YTD - June 2021	Fiscal YTD - June 2020	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	478,290	369,564	108,726	29.4%
Rentals	80,479	73,104	7,375	10.1%
Royalties, Fees and Other Revenues	25,399	21,811	3,587	16.4%
Clean Truck Program Revenues	2,285	3,187	(901)	(28.3%)
Total Operating Revenues	586,454	467,666	118,787	25.4%
Operating Expenses				
Gross Salaries & Benefits	174,894	170,033	(4,861)	(2.9%)
Capitalization	(26,035)	(24,207)	1,828	(7.6%)
Net Salaries & Benefits	148,860	145,826	(3,033)	(2.1%)
Marketing & Public Relations	1,372	2,388	1,016	42.5%
Travel	71	508	437	86.1%
Outside Services	25,662	31,815	6,153	19.3%
Materials & Supplies	4,517	5,672	1,155	20.4%
City Services	45,876	48,366	2,490	5.1%
Other Operating Expenses	50,792	37,981	(12,811)	(33.7%)
Clean Truck Program Expenses	752	1,014	262	25.8%
Total Operating Expenses	277,901	273,571	(4,330)	(1.6%)
Income Before Depreciation	308,553	194,096	114,457	59.0%
Provision For Depreciation	153,304	158,613	5,309	3.3%
Income From Operations	155,249	35,482	119,767	337.5%
Non-Operating Revenue	20,513	56,681	(36,169)	(63.8%)
Non-Operating Expenses	26,609	37,258	10,649	28.6%
Net Income	149,153	54,905	94,247	171.7%